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Farm Broadcasters Letter

Letter No. 2364

May 26, 1988

1989 WHEAT PROGRAM

Dep. Sec'y of Agriculture Peter Myers announced a required 10 percent acreage reduction for the 1989 wheat program. Other provisions include: A price support loan and purchase rate of \$2.06 per bushel, which is a 20 percent reduction from the basic loan and purchase rate of \$2.57. The downward adjustment is to maintain U.S. wheat competitiveness...The established target price is \$4.10 per bushel, down 3 percent from the 1988 target price...A paid land diversion will not be implemented...No marketing loan or related program provisions will be implemented...And producers will be required to maintain in acreage conservation reserve an area equal to 11.11 percent of program payment acreage.

U.S. AGRICULTURE REMAINS STRONG

The financial performance of U.S. agriculture remains strong, according to the U.S. Department of Agriculture. The net cash income is forecast at \$50-55 billion for 1988, down from 1987's record. Net farm income, on the other hand, should remain between \$40 and 45 billion, unchanged from 1987. Underlying these forecasts are: Increased use and lower stocks of most major program commodities; Market prices approaching or exceeding loan rates; Higher cattle and calf prices offsetting minor declines in production; Continued moderate interest rates; And continued gains in the financial position of farmers and ranchers with total farm debt falling for the fifth consecutive year.

1988 CASH RECEIPTS

The total farm cash receipts for 1988 may range from \$138 to 142 billion, with improved crop receipts, according to the U.S. Department of Agriculture. Food grains and soybeans should lead the way among crops. Livestock receipts are forecast to remain stable. Cattle and calf prices are relatively high, but hog prices are off, and dairy earnings are likely to fall substantially.

FARM EXPENSES OUTLOOK

Farm production expenses are expected to rise, after declining at an unprecedented rate the last three years. According to the U.S. Department of Agriculture, spring fertilizer prices were up 10 percent from a year earlier. High fertilizer prices will be felt most by corn and barley producers, whose outlays for fertilizer make up 38 and 30 percent, respectively, of variable costs. The Corn Belt will be the region most affected. Energy expenses may increase roughly 5 percent. Cash grain and cattle and hog operations accounted for over 60 percent of total 1987 fuel expenses.

U.S. EXPORTS TO
USSR TO CONTINUE
REBOUND

U.S. agricultural exports to the USSR in calendar 1988 will rise faster than 1987's 43 percent increase to \$938 million, and should exceed \$1 billion 400 million, according to the U.S. Department of Agriculture. Behind the gain will be much larger wheat shipments at higher prices and much bigger soybean and soybean meal sales. For 1988, the U.S. value share of Soviet grain imports may be above 30 percent for the first time since 1984, and over 8 percent of total agricultural imports. Grains and oilseeds have accounted for 95 percent of U.S. farm sales to the USSR since 1970.

SOVIET AG
IMPORTS MAY
INCREASE

The agricultural imports of the Soviets may increase by 5 percent this year from 1987's estimated \$16 billion...but will remain well below the \$19 billion average of the first half of the 1980's, according to the U.S. Department of Agriculture. Grain imports now cost about \$3 billion a year instead of \$7 billion as in 1981-85. Despite a possible 20 percent rise in the unit value of grain imports in 1988, unit values will continue one-third lower than earlier this decade.

BAD WEATHER,
BUT USSR
CROP OKAY

The gross agricultural output of the Soviets managed to hold its ground in 1987 despite some of the worst weather in years, according to the U.S. Department of Agriculture. Grain production of about 211 million tons remained above the 200-million-ton level for a second consecutive year. Oilseed output increased for the third straight year. Crops in the USSR are off to a much better start than in 1987 following good fall sowing, overwintering and spring planting conditions. Barring unusually severe weather through the spring and fall, the 1988 crop output should increase.

WHEAT STOCKS
TO FALL

Reduced U.S. wheat supplies for 1988/89, and continued strong demand, are projected by the U.S. Department of Agriculture to drop U.S. ending stocks to below 800 million bushels on June 1, 1989, their lowest level since 1975/76. Carryin stocks for 1988/89, at 1 billion 230 million bushels, are forecast down 32 percent from a year earlier. Almost 60 percent is expected to be in Commodity Credit Corporation inventory or the Farmer-Owned Reserve. CCC inventory is forecast to be only 20 percent of total stocks, down from 45 percent a year earlier. In addition, 147 million bushels of the 250 million expected to be in CCC inventory on June 1, 1988, are designated as part of the Food Security Reserve.

PROJECTED
WHEAT
PRODUCTION

Total wheat production for 1988/89 is projected to reach 2 billion 170 million bushels. The U.S. Department of Agriculture's May estimated of the winter wheat crop was 1 billion 620 million bushels, up almost 4 percent from 1987. Based on conditions as of May 1, winter wheat yields were estimated at 40.7 bushels per acre, the second highest on record. Durum area planted may increase 12 percent, but other spring wheat area is forecast down 7 percent.

WHEAT PRICE
FORECAST

The 1988/89 season average market price for wheat is forecast by the U.S. Department of Agriculture at between \$2.80 and \$3.20 per bushel, up from \$2.55 in 1987/88, and up from \$2.42 in 1986/87. Because of higher prices, less wheat is likely to enter the loan program.

U.S. WHEAT
EXPORT
PROJECTION

U.S. wheat exports in 1988/89 are projected to reach 1½ billion bushels, down 100 million from 1987/88 forecast, but still one of the larger shipments on record. According to the U.S. Department of Agriculture, projected lower world import demand will limit U.S. wheat exports, but U.S. market share will exceed 40 percent. U.S. exports are now expected to reach 43 million 500 thousand tons by the end of the 1987/88 trade year, the highest volume since 1981, and more than 15 million tons above 1986/87.

ASSISTANCE FOR
DELINQUENT
BORROWERS

Some proposed new rules of the U.S. Department of Agriculture would allow the Farmers Home Administration (FmHA) to reduce the delinquent debt of certain borrowers, so they could continue their farming operations. The proposed regulations also would make it easier for some farmers who have recently lost their farms through foreclosure or by other means to lease or buy them back. In addition, FmHA has proposed regulations that would set aside funds to help members of minority and socially disadvantaged groups purchase farmland. The proposals are published in the May 23 Federal Register. Send written comments to: Office of the Chief, DMD, FmHA, Room 6348-South, USDA, Washington, D.C. 20250.

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1617...(Weekly 13½ min documentary) The number of students entering agricultural colleges and universities has dropped 35 percent in the last five years. On this edition of AGRICULTURE USA, Gary Crawford takes a look at possible solutions to this brain drain in agriculture and explores the success of a high school in Chicago that specializes in teaching agriculture.

AGRITAPE/FARM PROGRAM REPORT #1605...(Weekly reel of news features) USDA news highlights; Farm income report; Changes at Farmers Home Administration; GAO report critical of USDA program; Conservation Reserve sign-up results.

CONSUMER TIME #1097...(Weekly reel of 2½-3 min features) Try game birds; A unique high school; Taking the pulse of the pulse market; Uses of vinegar; Nutrition for infants.

USDA RADIO NEWS SERVICE...Thurs, May 26, Export outlook, World tobacco situation; Tues, May 31, Agriculture prices, cotton and wool outlook, Weekly crop and weather. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

TELEVISION SERVICE programs, A BETTER WAY, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays....A BETTER WAY, 10:00-10:30 a.m. ET.....Transponder 9X
ORIGINAL DOWN TO EARTH, 10:30-11:00 a.m. ET....Transponder 9X
UPLINK SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 9X

Mondays.....A BETTER WAY, 8:00-8:30 a.m. ET.....Transponder 12D
REPEAT DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D
UPLINK SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D

A BETTER WAY is also available on The Learning Channel SATCOM 3R, Transponder 2, Audio 6.8 each Thursday at 10:30 a.m. ET.

OFF MIKE

Horace McQueen, KLTU/KTRE-TV, Tyler, Texas, is running for Congress, so his son, Dennis McQueen, has taken over his broadcasting duties...Clay Pederson, Communications Director, National Farmers Union, Denver, dropped in at USDA to get acquainted. His visit included watching the tapings of USDA TV programs--A BETTER WAY, and DOWN TO EARTH. Being short handed on the DOWN TO EARTH set, program producer Debbie Janifer put Clay to work. After a few seconds of training, she claims Clay became a first-class teleprompter operator...Alan Stennett, BBC farm broadcaster, sent a nice letter, summarizing his trip through 26 states, 3,000 miles by train, 6,000 by car, and 15,000 by air. He stood on the shores of the Atlantic and the Pacific, but not simultaneously. He enjoyed the country, people, and many foods, including catfish, gumbo, burgers, steak, and nacho-cheese chips...Jim Johnson, ex-USDA Chief, is

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now a regular at the Salem (Oregon) Golf Course. His playing got him an invitation to play in a weekly tournament, provided he was also a "mudder." Jim learned that means playing golf in mist, showers and sprinkles. "It never rains in Salem." Jim qualifies as a "mudder."

Margaret T. Desatnik

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